



## CITY OF DURHAM | NORTH CAROLINA

**Date:** August 20, 2012

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Kevin Dick, Director, Office of Economic and Workforce Development  
**Subject:** Grant Project Ordinance Recognizing 2012 State of Durham Economy Breakfast Revenues

### Executive Summary

This item establishes a Grant Project Ordinance (GPO) to receive revenues that were generated by the 2012 State of Durham Economy Breakfast (SODE).

### Recommendation

Staff recommends that City Council authorize the City Manager to accept the grant documents and adopt the GPO. The funds would be used for the following purposes: Neighborhood Revitalization small business and entrepreneurial development activities and the 2013 State of Durham Economy Breakfast.

### Background

The SODE has occurred annually since 1998. It is an annual city wide event that was established to share economic information with the community in order to inform citizens and business leaders and help to generate excitement for private investment in Durham. The event generates interest in the community and provides networking opportunities for many of the City's stakeholders. The event is a partnership between the City of Durham, Durham County, Durham Convention and Visitor's Bureau (DCVB), Greater Durham Chamber of Commerce and Downtown Durham, Incorporated.

Historically, funding had been budgeted as a line item in the Office of Economic and Workforce Development (OEWD) General Fund Budget. However, due to budget constraints over the past few years, the administration discontinued this practice. The current practice is for the department to use unspent general fund monies and to replenish what is spent from proceeds from the event. Two drawbacks of the current practices have been 1) that the practice has not involved the earmarking of funds for the specific purpose of planning and holding the breakfast creating a challenge each year to conduct a well-recognized and well-regarded community event and 2) that the budgetary and fiscal accounting processes associated with accounting for the proceeds and earmarking for future events proved to be burdensome for departments that were involved.

### Issues and Analysis

In response to the aforementioned issues, the OEWD established a memorandum of understanding (MOU) with - DCVB, whereby the DCVB would receive all proceeds for the event, including sponsorships and ticket sales, and, in return, would then charge a minimal fee of 4.55% + \$0.35 per online transaction. Based on their extensive experience holding multiple large events a year, low fees and infrastructure this proved to be a more convenient model than the previous method of operation, in which OEWD received revenues.

As of January 2012 when planning for SODE began in earnest, monies were unspent in the Neighborhood Revitalization fund because Neighborhood Revitalization request for proposals had not generated enough proposals.

Funds totaling \$21,422.36 in Neighborhood Revitalization funds were spent on the Breakfast. Acceptance of the Grant Project Ordinance as recommended would earmark an identical amount for neighborhood revitalization and small business development activity.

In addition, we recommend that the balance be used for anticipated expenses associated with the next SODE Breakfast, scheduled for December 11, 2013. This will lessen the impact on the General Fund.

This is part of a long range (2-3 year) plan for the Breakfast to be self-sustaining no later than 2015. In other words, proceeds from events in 2013 and 2014 would fully fund future events.

### **Alternatives**

Council may choose to not approve the Grant Project Ordinance, or may choose to approve only certain line items within the Grant Project Ordinance. Not approving the GPO as recommended would negate the abilities of the department to earmark funds for neighborhood revitalization and small business development activities and future SODE Breakfast events.

### **Financial Impact**

The GPO would be a grant account established as part of the OEWD's budget. The monies breakdown as follows:

Revenues:	\$32,435.80 (including external sponsorships received: \$10,900.00)
2012 Event Costs:	\$21,422.36 (including fees to DCVB: \$739.20)

<b>Balance:</b>	<b>\$11,013.44</b>
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### **SDBE Summary**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

### **Attachments**

City of Durham Grant Project Ordinance for the State of Durham's Economy Breakfast